



2008/09 financial review of the Parliamentary Service

Report of the Government Administration
Committee

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Parliamentary Service

Recommendation

The Government Administration Committee has conducted the financial review of the 2008/09 performance and current operations of the Parliamentary Service and recommends that the House take note of its report.

Introduction

The Parliamentary Service's total operating revenue for the 2008/09 financial year was \$67.148 million and total expenditure \$65.357 million, resulting in a net surplus of \$1.791 million.¹ The responsibilities of the Parliamentary Service are set out in the Parliamentary Service Act 2000. The service aims to provide effective, efficient, and timely policy advice and administrative and support services to meet the needs of members, parliamentary political offices, and the institution of Parliament.

Interaction with Ministerial Services

We are concerned about the waste of money that arises from the apparent inability of the Parliamentary Service and Ministerial Services to transfer equipment when members of Parliament move into ministerial roles, and vice versa after a change in the Executive. For instance, we gave the example of Ministers having to hand in used cell-phones and computers when they become opposition members, only to acquire new cell-phones and computers from the Parliamentary Service the next day. This is not a recent complaint from members, and there are numerous examples of unnecessary and inefficient administrative barriers between the two agencies, which emerge especially after a change in the Executive.

The chief executive agreed that improvements are needed to be made in the communication and administrative systems concerned with transfers of assets between the agencies following a change of Government. The Parliamentary Service and Ministerial Services have discussed in detail problems associated with the transfer of assets at the last election and how to remedy them. An independent review of the management of the election by the Parliamentary Service recommended changes to the provision of information and communication technology (ICT) services and to administrative processes. We were told this should help to address problems associated with the transfer of valuable assets that still have a useful life. We expect this problem will be resolved before the next election.

Joint ICT service delivery

At present the Parliamentary Service and Ministerial Services operate separate ICT networks. The networks are provided by different external providers, and each has a separate help-desk. The two help-desks are being merged, with the intention of integrating

¹ Parliamentary Service, *Annual Report for the year ended 30 June 2009*, p. 32.

the networks fully by the end of next year. This will allow the agencies to transfer profiles of members of Parliament and staff between the Parliamentary Service and Ministerial Services more smoothly and efficiently. The chief executive could not quantify exactly the savings that should result from combining the networks, but he considers that costs will be reduced.

Review of ICT services

The chief executive told us that a review carried out by PricewaterhouseCoopers into the delivery of ICT in the parliamentary precinct was not particularly helpful and he was disappointed in the report. The chief executive set the terms of reference for the report, and concluded that as an external organisation the consultancy did not understand the different requirements of the agencies operating in the complex. We understand that the chief executives of the five precinct agencies (the Office of the Clerk of the House of Representatives, the Parliamentary Service, the Parliamentary Counsel Office, the Department of the Prime Minister and Cabinet, and Executive Government Support) who were engaged in the review, decided to involve the Department of Internal Affairs, who were well placed to make helpful recommendations regarding shared services and integrating the two networks.

We encourage the Parliamentary Service and Ministerial Services to develop ICT services that are reliable, efficient, and result in future cost savings.

Parliamentary and ministerial accommodation entitlements

Earlier this year Ministerial Services clarified that all ministerial accommodation in Wellington is to be paid for by Ministerial Services; as a result payments made by the Parliamentary Service for ministerial housing ceased. The Parliamentary Service paid for ministerial housing from 1 January 2009 to 30 June 2009 when a member of Parliament remained in the same accommodation after they became a Minister. There are no instances of such payments in the latest members' expense disclosure. We were assured that there had been no doubling up of accommodation payments between the Parliamentary Service and Ministerial Services, and no member received more than they were entitled to.

We asked about the controversy over a member's primary place of residence, and whether this is a recent or recurring problem. The chief executive told us that while this matter has been unclear, it had previously not been a significant problem. There was further discussion regarding the meaning and clarity of the existing rules. He noted that work is being undertaken to clarify what constitutes a primary place of residence.

A recent report by the Auditor-General on parliamentary and ministerial accommodation entitlements recommends that the Parliamentary Service and Ministerial Services develop a sensible, simpler system for providing members and Ministers with appropriate support for the costs of their accommodation in Wellington. This system should be grounded in principles with a clear purpose and scope. The Parliamentary Service is in the process of developing these principles, with the assistance of the Speaker. The Parliamentary Service Commission is also considering suggested changes to the current arrangements, to ensure that members are clear as to their entitlements and what they are being reimbursed for.

We will continue to monitor closely developments regarding parliamentary and ministerial accommodation entitlements. We consider that the recommendations of the Auditor-General's report on ministerial and parliamentary accommodation entitlements should be acted upon quickly, to make the matter clear for everyone concerned.

Industrial dispute

The Parliamentary Service is currently in dispute with some employees, including the security staff, over collective contracts. We asked why the Parliamentary Service has written to the union representing security staff threatening them with a lock-out if they take further industrial action. The chief executive said that previously the security staff walked off the job with no notice, which he considered unacceptable because of the risk it posed. Some of us understand that notice was given to the Parliamentary Service about the industrial action referred to.

The chief executive assured us that neither the New Zealand Defence Force nor the Aviation Security Service have been consulted about providing security services to Parliament in the event of a lock-out. A review carried out by Deloitte of the effectiveness and efficiency of security operations at Parliament does not cover the contracting out of security operations.

Operating surplus

In the 2007/08 and 2008/09 financial years the Parliamentary Service had a net operating surplus of \$2.974 million and \$1.791 million respectively. The chief executive informed us that it has no control over some expenditure, such as money allocated to members for support staff. If members do not spend their entire allocated budget, it is reflected as an operating surplus in the annual report of the Parliamentary Service. After the recent general election, it has taken some time to employ new staff, resulting in under-expenditure of allocations. We were also told that a network upgrade project for out-of-Parliament offices, scheduled for the 2008/09 financial year, was slowed down while offices were being re-established, to prevent any doubling up of costs. We will continue to monitor the expenditure of allocations.

Appendix

Approach to financial review

We met on 18 November, 9 December, and 16 December 2009 to consider the financial review of the Parliamentary Service. Evidence was heard from the Parliamentary Service and advice received from the Office of the Auditor-General.

Committee members

Hon David Parker (Chairperson)
Kanwaljit Singh Bakshi
Jacqui Dean
John Hayes
Chris Hipkins
Nikki Kaye
Grant Robertson

Evidence and advice received

Office of the Auditor General, Financial Review Briefing to the Government Administration Committee, 18 November 2009.

Organisation briefing paper on the Parliamentary Service, prepared by committee staff, dated 16 November 2009.

Parliamentary Service, *Annual Report for the year ended 30 June 2009*.

Parliamentary Service, Financial review questionnaire responses, 13 November 2009.

Parliamentary Service, Financial review supplementary questions responses, 4 December 2009.